

**District Court No. 41B**  
**City of Mount Clemens, Michigan**

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**Financial Report**  
**with Supplemental Information**  
**June 30, 2003**

# **District Court No. 41B**

## **City of Mount Clemens, Michigan**

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## Independent Auditor's Report

To the District Court Judges  
Mount Clemens, Michigan

We have audited the accompanying statement of net assets - fiduciary funds of the District Court No. 41B, City of Mount Clemens, Michigan (a component unit of the City of Mount Clemens, Michigan) as of June 30, 2003. This financial statement is the responsibility of the District Court No. 41B, City of Mount Clemens, Michigan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the District Court No. 41B as of June 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statement taken as a whole. The other supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statement of the District Court No. 41B. This information has been subjected to the procedures applied in the audit of the financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

The District Court No. 41B has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Plante & Moran, PLLC*

August 25, 2003



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# **District Court No. 41B**

## **City of Mount Clemens, Michigan**

### **Statement of Net Assets**

#### **Fiduciary Funds**

#### **June 30, 2003**

	District Control Unit Account	Bond and Escrow Trust Account	Total
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 246,173	\$ 162,230	\$ 408,403
Internal balances	(3,700)	3,700	-
Total assets	<u><b>\$ 242,473</b></u>	<u><b>\$ 165,930</b></u>	<u><b>\$ 408,403</b></u>
<b>Liabilities</b>			
Due to City of Mount Clemens	\$ 187,946	\$ -	\$ 187,946
Due to Macomb County	2,449	-	2,449
Due to State of Michigan	41,380	-	41,380
Due to Harrison Township	10,698	-	10,698
Returnable bonds	-	143,874	143,874
Other	-	22,056	22,056
Total liabilities	<u><b>\$ 242,473</b></u>	<u><b>\$ 165,930</b></u>	<u><b>\$ 408,403</b></u>

# **District Court No. 41B**

## **City of Mount Clemens, Michigan**

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**Notes to Financial Statements**  
**June 30, 2003**

### **Note 1 - Significant Accounting Policies**

The State of Michigan 41B District Court (the "Court") serves the City of Mount Clemens and Harrison Township. The Court oversees and processes items relating to traffic violations, criminal and civil infractions, and small claims filings. It also provides probation oversight and related services. The Court is a component unit of the City of Mount Clemens, Michigan.

The Court is governed by two elected judges. As required by accounting principles generally accepted in the United States of America, these financial statements present the State of Michigan 41B District Court. There are no component units.

These financial statements report only the collection of amounts that are subsequently returned or paid to third parties. The operations of the Court, including all facility and related costs, are not reported in these financial statements but rather are included in the City of Mount Clemens, Michigan's General Fund.

The funds of the District Court are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

The accounting policies of the Court conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Reporting Entity**

The Court is governed by two elected judges. As required by accounting principles generally accepted in the United States of America, these financial statements present the State of Michigan 41B District Court. There are no component units.

#### **Fund Accounting**

The accounts of the Court are organized on the basis of funds, each of which is considered a separate accounting entity. The various funds are grouped in fiduciary funds, as follows:

# **District Court No. 41B**

## **City of Mount Clemens, Michigan**

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**Notes to Financial Statements**  
**June 30, 2003**

### **Note 1 - Significant Accounting Policies (Continued)**

#### **Fiduciary Funds**

**Agency Funds** - Agency Funds are used to account for assets held by the Court as an agent for individuals, organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Court utilizes the following Agency Funds:

**District Control Unit Account** - This fund receives the Court's and the State of Michigan's share of fines and costs associated with the traffic and criminal divisions and filing fees assessed for civil and small claim filings. The revenue is then distributed to the State of Michigan, Macomb County, Harrison Township, and the City of Mount Clemens.

**Bond and Escrow Trust Account** - This fund receives and holds bond monies from defendants as a promise to appear on an appointed court date. After the court date, the monies are applied to fines and costs, bond costs, forfeitures, and refunds, as appropriate.

#### **Basis of Accounting**

The Agency Funds utilize the modified accrual basis of accounting.

Other accounting policies are disclosed in other notes to the financial statements.

### **Note 2 - District Court Funds**

District Court No. 41B is divided into four separate units, with each unit maintaining its own funds. Only the funds held by District Court No. 41B, City of Mount Clemens, Michigan are included in the attached financial statements.

# **District Court No. 41B**

## **City of Mount Clemens, Michigan**

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### **Notes to Financial Statements**

#### **June 30, 2003**

#### **Note 3 - Cash and Cash Equivalents**

Cash and cash equivalents at June 30, 2003 are comprised of deposits that amounted to \$408,403. These deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$400,712. Of that amount, \$100,000 was covered by federal depository insurance and \$300,712 was uninsured and uncollateralized. The District Court believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Court evaluates each financial institution with which it deposits Court funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

## **Other Supplemental Information**

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# **District Court No. 4IB**

## **City of Mount Clemens, Michigan**

### **Schedules of Cash Receipts and Disbursements**

#### **Year Ended June 30, 2003**

	District Control Unit Account	Bond and Escrow Trust Account
<b>Cash and Cash Equivalents - Beginning of year</b>	\$ 200,398	\$ 140,165
<b>Receipts</b>		
Fines and fees	2,667,603	-
Judges' salary standardization	91,448	-
Bonds posted	-	680,876
Garnishments and escrow	-	23,823
Interest	4,589	-
Restitution and other	-	34,016
<b>Total receipts</b>	<b>2,763,640</b>	<b>738,715</b>
<b>Disbursements</b>		
Transfers to:		
District Control Unit General Fund	2,155,720	-
State of Michigan	358,088	-
Macomb County	55,325	-
Judges' Retirement System	40,598	-
Harrison Township	108,134	-
Refunds and other	-	33,107
Bonds returned	-	630,477
Bonds forfeited	-	50,196
Garnishment and escrow	-	2,870
<b>Total disbursements</b>	<b>2,717,865</b>	<b>716,650</b>
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 246,173</b>	<b>\$ 162,230</b>